



GUIDELINES

Through the Finally Home program, the Illinois State Treasurer's Office helps qualified borrowers secure sustainable mortgages by guaranteeing up to 10 percent of their qualifying loans. The goal is to help Illinois residents avoid predatory lenders and obtain affordable mortgages. Finally Home is governed by Illinois statute (15 ILCS 520/7), and all lending institutions must comply with Article V of the Illinois Residential Mortgage License Act of 1987 (205 ILCS 635).

Statutory Requirements

1. The borrower(s) must be Illinois resident(s).
2. The home being purchased or refinanced must be located in Illinois.
3. The borrower(s) cannot otherwise qualify for a home loan under the financial institution's prevailing credit standards without the incentive of the 10 percent guarantee.
4. The 10 percent guarantee may be used for the purchase of a home.
5. The 10 percent guarantee may be used to refinance an existing home loan when the borrower(s) have failed to make payments on a home loan as a result of a financial hardship due to circumstances beyond their control and where there is a reasonable prospect that they will be able to resume full mortgage payments.

The following factors shall be considered by the financial institution to determine whether the financial hardship is due to circumstances beyond the control of the borrowers:

- Loss, reduction or delay in the receipt of income because of the death or disability of a person who contributed to the household income;
- Expenses actually incurred related to uninsured damage or costly repairs to the mortgaged premises affecting its habitability;
- Expenses related to the death or illness in the borrower's household or of family members living outside the household that reduce the amount of household income;
- Loss of income or a substantial increase in total housing expenses because of divorce, abandonment, separation from a spouse, or failure to support a spouse or child;
- Unemployment or underemployment; or
- Loss, reduction, or delay in the receipt of federal, state or other government benefits, or participation by the homeowner in a recognized labor action such as a strike.

In order to determine whether there is a reasonable prospect that the borrower will be able to resume mortgage payments, the financial institution shall consider factors including, but not limited to, the following factors:

- A favorable work and credit history;
- The borrower's ability and history of paying the mortgage when employed;
- The lack of an impediment or disability that prevents reemployment;
- New education and training opportunities;
- Non-cash benefits that may reduce household expenses; and
- Other debts.



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6. The 10 percent guarantee can be used for loans in amounts that do not exceed the amount of arrearage on a mortgage and that are extended to enable a borrower to become current on the mortgage obligation.
7. Home loan is defined as a loan for which
 - The principal amount of the loan does not exceed 50 percent of the conforming loan size limit for a single-family dwelling as established by the Federal National Mortgage Association (Fannie Mae);
 - The borrower is a natural person;
 - The debt is incurred by the borrower primarily for personal, family or household purposes;
 - The loan is secured by a mortgage or deed of trust on real property upon which there is located or there is to be located a structure designed principally for the occupancy of no more than four families; and
 - The property will be occupied by the borrower as the borrower's principal dwelling.
8. A home loan is not an open-end credit plan or a reverse mortgage transaction.

Underwriting Guidelines

1. The borrowers' income may not exceed 115 percent of HUD's median family income for the area in which the home is located. The income limit is based on the number of people in the household and is updated annually.
2. Loans including negative amortization are not eligible for this program.
3. Interest-only loans are not allowed.
4. The Treasurer's 10 percent guarantee is valid for five years. If a loss triggers payment under the Treasurer's 10 percent guarantee, the payment will come from the Treasurer's loss reserve fund.
5. In the case of foreclosure, payment of no more than the pledged amount shall be made to the financial institution.
6. In the case of foreclosure, payment pursuant to the Treasurer's guarantee is only to occur if the financial institution realizes a loss. The Treasurer's payment shall not exceed the amount of the loss.
7. Participating financial institutions may not utilize more than 5 percent of the Treasurer's loss reserve fund without direct consent of the Treasurer. The financial institution will be notified by the Bank Administrator when they are approaching the 5 percent limit, at which time they may request additional funding.
8. The 10 percent guarantee may only be used for home loans for an owner-occupied one to four unit primary residence on non-leased land, taxed as real estate property by the county in which the property is located.